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Planirovaniye Promyshlennogo Proizvodstva, Gosplanizdat, Moscow, 1948,
pp 12-17.

THE STRUCTURE AND FUNCTION OF USSR ECONOMIC MINISTRIES

Ya. Ioffe

Economic ministries coordinate enterprises of one or more branches of an industry for production purposes. For example, the Ministry of Electric Power Plants coordinates all large-scale electric power plants. These plants produce 70 percent of the total electrical energy output in the entire country. The Ministry of Textile Industry controls the cotton, wool, silk, and linen industries, etc.

The transfer of an enterprise from the jurisdiction of one ministry to that of another can be accomplished only with special permission of the government.

The functions of the ministries include:

1. Review and approval of the work program of an enterprise, verification of plan fulfillment, and formulation of plans for the ministry as a whole.
2. Review and approval of plans for capital construction, approval of construction projects and estimates, and verification of the progress of construction.
3. Provision of materials and technical supplies for production and construction.
4. Supervision of the sale of products, and fulfillment of government plans for the supply of other ministries and departments.
5. Provision of technical assistance to enterprises, adoption of new techniques, and implementation of new inventions.
6. Supervision of problems involved in work organization, establishment of work norms and wages, labor recruitment, and control of the Stakhanovite movement and labor-training programs.

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7. Appointment of higher officials of an enterprise; directors, technical directors, and chief accountants.

8. Training of technical and economic personnel for enterprises of their respective branches of an industry.

9. Administration of educational institutions, scientific research institutes, and project organizations of their respective branches of an industry.

The actual management of an enterprise on the operational level is carried out by the main administrations of a ministry. All enterprises within the jurisdiction of a given ministry are grouped under one or another main administration. They are organized either along territorial lines (for example, Main Administration of Electric Power plants of the Center, Main Administration of Electric Power Plants of the East, etc.), or along functional lines (for example, Main Administration of Cement Industry, Main Administration of Ceramics Industry, etc.).

In accordance with a decision of the 18th Party Congress of the VKP(b), the basic principle of administration of production is productional-territorial. Therefore, a main administration exercises full authority over those enterprises which are subordinated to it.

Every ministry also has its functional divisions. The structure of functional divisions within a ministry is varied, but the main outlines are as follows:

1. Economic-Planning Division. This division works out current and prospective plans, analyzes progress toward plan fulfillment, and keeps the ministry informed on the course of economic activity in general.

2. Production Division. This division controls progress toward plan fulfillment, directs the coordination of various enterprises within a given branch of the industry, and supervises coordination between branches of industry.

3. Technical Division. This division handles questions of technical development in the various branches of industry within the jurisdiction of the ministry, studies and estimates plant capacities, and takes charge of the development and application of new techniques and methods. It passes resolutions on proposals concerning technological changes, etc.

4. Financial Division. This division draws up financial plans, controls their fulfillment, and supervises the financial affairs of the enterprise.

5. Central Accounting Division. This division handles bookkeeping and auditing, reviews financial reports, and controls adherence to financial regulations, etc.

6. Supply Division. This division handles allocation of materials and equipment for enterprises of the ministry, draws up requisition lists, receives and distributes materials, and handles other problems of supply.

7. Capital Construction Division. This division works out integrated plans for capital construction, controls their fulfillment, and evaluates projects and estimates.

8. Wage and Labor Division. This division regulates questions of labor, wages, training of personnel, control of wage bill expenditures, and the implementation of safety devices.

9. Sales Division (or Main Administration). This division determines the national economic requirements of goods produced in given branches of an industry. It organizes sales according to distribution plans and directs sales of rayon subsidiaries. It also controls prices and provides for storage.

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In addition, other divisions within the jurisdiction of a ministry carry out miscellaneous duties: legal affairs, housing, and transport.

The main administrations, like the ministries, do not have a uniform organization. As a rule, their principal divisions are as follows:

1. Production Management Division. This division handles the day-to-day supervision of work and operational activity in enterprises subordinate to the main administration. At its disposal it has a group of expeditors (dispatcher), each of whom is assigned to a group of enterprises. The division discharges its functions through these expeditors.
2. Technical Division. This division organizes the application of new technological processes and procedures. It supervises the interchange of technical information between enterprises of varying efficiency. The division works out measures for the utilization and expansion of plant capacity and renders technical assistance where necessary.
3. Capital Construction Division. This division supervises the implementation of construction plans, reviews projects and estimates, and formulates construction plans.
4. Planning Division. This division elaborates current and future plans, reviews and evaluates the plans of enterprises, and analyzes plan fulfillment.

In addition, main administrations have divisions dealing with finances, personnel, wages, supply, and sales.

The structure of ministries and main administrations is designed to avoid a complicated chain of command in industrial management. Most industries now have a three-stage administrative setup: enterprise, main administration, and ministry. In some industries the largest enterprises are directly subordinate to the ministry. For example, several metallurgical combines and plants (the Magnitogorsk combine imeni Stalin, the Kuznetsk combine imeni Stalin, etc.) are directly subordinated to the Ministry of Ferrous Metallurgy. On the other hand, in the mining industry there is a four-stage administrative setup: the mine or pit, a group of mines combined into a mine administration, the main administration, and the ministry.

Individual responsibility in management is the basic principle employed in all industrial management. The minister, the chief of the main administration, the director of the enterprise -- all have full responsibility on decisions and questions which fall within their respective jurisdictions.

The system of industrial administration serves simultaneously as the system of industrial planning. All branches, functional divisions, and sectors of the various enterprises, trusts, main administrations, and ministries have the same task: they elaborate and implement plans and supervise their fulfillment.

Planning divisions at the various levels work out all parts of the production plan (production program, labor, production costs, capital equipment, financial plans, etc.). The jurisdiction of a planning division includes: the review of projects and plans, the composition of integrated plans for the ministry, the solution of problems of a technical nature, and the management and guidance of planning on lower levels.

Planning work is not confined to planning divisions. One of the basic tasks of all divisions and sectors -- from the supply and sales divisions to the production and technical divisions -- is the preparation of plans and supervision of their fulfillment. Planning and administration of the productive process is the common function of ministry, main administration, and enterprise. As a result, all divisions work in close harmony with the planning divisions.

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All divisions, sections, and branches of a ministry must dedicate themselves to the task of guaranteeing uninterrupted production and plan fulfillment.

The basic link in the administration of industry is the enterprise. The industrial enterprise is a determinate economic entity, possessing operational unity. It is allocated turnover capital; it possesses its own property; it conducts its business on cost-accounting principles. It borrows funds and maintains accounts in banks.

The basic functions of the enterprise are as follows: the maintenance of efficient and uninterrupted production, the fulfillment of production plans and plans for increasing labor productivity, the reduction of operational costs and the accumulation of capital. The enterprise draws up its own plans and supervises their fulfillment; it sets labor and wage norms; it provides for worker training, repair work, and the supply of raw materials and tools; it supervises Stakhanovite movements; and it provides for the implementation of new technical processes and inventions.

The administrative divisions of an enterprise vary according to the size of the enterprise, the nature of the product, and the system of production (individual unit, serial, or mass production) in which the enterprise is engaged. These divisions usually include the following: production division, planning division, labor and wage division, division of the chief accountant, division of the chief mechanic, technical division, supply division, etc.

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